

## Message Text

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42 43

ACTION EUR-12

INFO OCT-01 EA-07 NEA-10 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 IO-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 FEA-01

ERDA-05 DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05 PM-04

USIA-06 SAM-01 OES-03 SS-15 STR-04 PA-01 PRS-01 XMB-02

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R 191819Z NOV 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 9310

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY CANBERRA

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AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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AMEMBASSY WELLINGTON

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C O R R E C T E D C O P Y (PARA 3 IMI 3 LINE 10)

PASS TREASURY FOR WITHERELL CAIRO FOR ASSISTANT  
SECRETARY PARSKY

E. O. 11652: N/A

TAGS: ENRG, EFIN, ECON

SUBJECT: NOVEMBER 14 MEETING OF IEA AD HOC GROUP ON  
FINANCIAL AND INVESTMENT ISSUES (FII)

REF: (A) STATE 264669  
(B) OECD PARIS 30148  
(C) CPE/TWP(75)13  
(D) CPE/TWP(75)12  
(E) CPE/TWP(75)16

1. IN ACCORDANCE WITH REF A, FII MET BRIEFLY NOVEMBER 14, FOLLOWING EPC'S TEMPORARY WORKING PARTY (TWP) MEETING REPORTED REF B. FII CONSIDERED AND APPROVED REPORT TO IEA GOVERNING BOARD WHICH LARGELY BASED ON RELEVANT ACTIVITIES OF TWP AND WHICH FORWARDS TO GOVERNING BOARD REFDOS C, D AND E IN REVISED FORM REFLECTING LATEST CHANGES MADE IN TWP. FII CONSIDERS THESE DOCUMENTS AS "PROVISIONALLY FINAL", SUBJECT TO FURTHER REVIEW AS TO CONTENT AND USE TO WHICH THEY MAY BE PUT AS DIALOGUE PROGRESSES.

2. IEA SECRETARIAT (REDDINGTON) REPORTED ON PROGRESS OF ITS REVISED LONG-TERM ENERGY ASSESSMENT WHICH IEA POLICY ANALYSIS DIVISION EXPECTS TO COMPLETE BY MID-JANUARY FOR REVIEW BY MEMBER GOVERNMENTS. IN ADDITION TO ANALYSIS OF LONG-TERM DEMAND FOR AND SUPPLY OF ENERGY (INCLUDING LDC SUPPLY AND DEMAND), STUDY WILL SEEK EXPLICITLY TO ANALYZE LINK BETWEEN ENERGY SUPPLY/DEMAND AND RATES OF ECONOMIC GROWTH FOR THREE OIL PRICE CASES UP TO 1985--NAMELY, PER LIMITED OFFICIAL USE

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BARREL PRICES AT \$12.00 (STATUS QUO), \$9.00 AND \$15.00  
(ALL 1975 PRICES).

3. U.S. ASKED OECD AND IEA SECRETARIATS TO CLARIFY RELATIONSHIP BETWEEN IEA STUDY AND EPC/WP-2 ECONOMIC GROWTH STUDIES. SECRETARIAT (MARRIS) NOTED NEW IEA ASSESSMENT WOULD NOT ANALYZE EFFECT OF PAST OIL PRICE INCREASES AS SUCH ON ACTUAL OR POTENTIAL GROWTH. HE

EXPLAINED THAT OECD SECRETARIAT WILL PROVIDE IEA WITH PROVISIONAL GROWTH PROJECTIONS' ADMITTEDLY IN ADVANCE OF FINAL WP-2 INPUTS. MARRIS FELT THAT IN TERMS OF THROWING ANY LIGHT ON EFFECTS OF OIL PRICE INCREASES ON GROWTH POTENTIAL/ DIFFERENCES BETWEEN \$15 SCENARIO AND \$12 SCENARIO WILL BE MOST RELEVANT AND RESULTS COULD BE FED BACK TO WP-2 FOR CONSIDERATION.

4. ACTING FII CHAIRMAN (WITHERELL) STATED THAT AS GENERAL PRACTICE IT WOULD BE EXPECTED THAT FII WILL CONTINUE TO CONVENE RIGHT AFTER TWP MEETINGS TO REVIEW (PURSUANT TO ITS MANDATE FROM GOVERNING BOARD) FINANCIAL WORK AND QUESTIONS RELEVANT TO IEA ROLE IN DIALOGUE BEFORE THEY GO TO GOVERNING BOARD, AND TO IDENTIFY AREAS ON WHICH FURTHER EXAMINATION IS REQUIRED. MAIN COMMENT WITH RESPECT TO FUTURE WORK PROGRAM AND ROLE OF FII CAME FROM SWISS DEL WHO SUGGESTED THAT FII SHOULD EITHER NOT HOLD PRO FORMA MEETINGS TO APPROVE TWP RESULTS OR FII SHOULD ACTIVELY SEEK TO MAKE NEW CONCRETE CONTRIBUTIONS FOR THE PREPARATION OF THE DIALOGUE. HOWEVER, FURTHER DISCUSSION DID NOT ELICIT ANY SUGGESTIONS FOR NEW TOPICS FROM SWISS. THUS AT NOVEMBER 14 MEETING FII IDENTIFIED NO SPECIFIC ADDITIONAL AREAS FOR FURTHER WORK, BUT AGREED TO KEEP ALERT TO

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USIA-06 SAM-01 OES-03 SS-15 STR-04 PA-01 PRS-01 XMB-02

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R 191819Z NOV 75  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 9311  
INFO AMEMBASSY ANKARA  
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NEEDS OF IEA/GB AND OF DIALOGUE. CHAIRMAN NOTED THAT  
SINCE TWP HAD TENTATIVELY SCHEDULED A MEETING FOR  
JANUARY 20-21, FII WOULD ALSO TENTATIVELY PLAN TO MEET  
AT THAT TIME.

5. TEXT OF REPORT APPROVED BY FII FOR FORWARDING TO  
IEA/GB (ACTUAL CIRCULATION IN IEA DOCUMENT SERIES WILL  
AWAIT COMPLETION OF REVISIONS OF TWP DOCUMENTS REFERRED  
TO THEREIN) READS AS FOLLOWS:

BEGIN TEXT

1. THE AD HOC GROUP MET BRIEFLY ON 14TH NOVEMBER TO  
CONSIDER THE RELEVANT ASPECTS OF THE 13TH-14TH NOVEMBER

MEETING OF THE TEMPORARY WORKING PARTY OF THE ECONOMIC POLICY COMMITTEE (TWP) AND PREPARATORY WORK FOR THE RELEVANT COMMISSIONS TO BE CREATED BY THE CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION.

2. THE AD HOC GROUP HAS REVIEWED AND RECOMMENDS TO THE GOVERNING BOARD THE FOLLOWING REPORTS BY THE TEMPORARY WORKING PARTY:

- (A) SOME ASPECTS OF THE ECONOMIC IMPACT OF HIGHER OIL PRICES (CPE/TWP(75)13 (1ST REVISION) AND ANNEX)
- (B) INDEXATION OF OIL PRICES (CPE/TWP(75)12 (1ST REVISION))
- (C) THE INVESTMENT OF SURPLUSES BY OIL PRODUCERS: THE MAIN FINANCIAL REPERCUSSIONS AND THE SCOPE FOR COOPERATIVE FINANCIAL ARRANGEMENTS (CPE/TWP(75)10 (1ST REVISION))

THESE WORKING PAPERS, WHICH ARE ANNEXED TO THIS REPORT, ARE CONSIDERED BY THE FII, AS BY THE TWP, TO BE LIMITED OFFICIAL USE

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"PROVISIONALLY FINAL". THE DOCUMENTS (B) AND (C) SUPERSEDE PRELIMINARY VERSIONS WHICH WERE PREVIOUSLY CIRCULATED TO THE GOVERNING BOARD AS AN ANNEX TO THE DOCUMENT IEA/GB/FIN(75)8. THEY INCORPORATE CURRENTLY AVAILABLE DATA AND ANALYSES AND REPRESENT THE PRESENT VIEWS OF MEMBER COUNTRIES. FURTHER WORK ON THESE SUBJECTS MAY, OF COURSE, PROVE NECESSARY AS THE DIALOGUE PROGRESSES.

THE DOCUMENTS (A) AND (B) HAVE BEEN FORMULATED BY THE TWP IN SUCH A FASHION THAT THE MAIN BODY OF THE PAPERS COULD BE TABLED DURING THE COURSE OF THE DIALOGUE IF IT SHOULD BE DECIDED THAT THIS WOULD BE APPROPRIATE. THE "COMMENTARY" SECTIONS WOULD, HOWEVER, RETAIN THEIR CONFIDENTIAL INTERNAL STATUS.

3. THE AD HOC GROUP TOOK NOTE OF THE REQUEST OF THE TWP TO WORKING PARTY NO. 2 OF THE ECONOMIC POLICY COMMITTEE TO IDENTIFY, AS EARLY AS POSSIBLE IN ITS ONGOING EXAMINATION OF MEDIUM-TERM GROWTH PROSPECTS' THE EFFECTS WHICH INCREASES IN THE PRICE OF OIL SINCE 1973 (AND THE INCREASED UNCERTAINTY AS TO THE SUPPLY FROM NORMAL SOURCES) ARE LIKELY TO HAVE ON THE ECONOMIES OF OECD COUNTRIES OVER THE MEDIUM AND LONGER RUN.

4. THE AD HOC GROUP NOTED THE ONGOING WORK OF THE TWP AND THE OECD SECRETARIAT ON THE TERMS OF TRADE BETWEEN OECD AND OPEC COUNTRIES, INCLUDING THE PROPOSAL TO

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CONVOKE A MEETING OF NATIONAL STATISTICAL EXPERTS IN THIS FIELD TO STUDY THE TECHNICAL ASPECTS FURTHER AND REPORT BACK TO THE TWP. THE GROUP AGREED THAT THIS WORK IS VERY IMPORTANT FOR THE USE OF MEMBER COUNTRIES IN THE DIALOGUE.

5. THE AD HOC GROUP NOTED THAT THE TWP WOULD CONTINUE ITS WORK ON THE ABSORPTIVE CAPACITY OF OPEC COUNTRIES, AND THAT IN THIS CONNECTION THE OECD SECRETARIAT WOULD UPDATE ITS MEDIUM-TERM BALANCE-OF-PAYMENTS PROJECTIONS OF THESE COUNTRIES.

6. ON THE QUESTION OF THE IMPACT OF HIGHER OIL PRICES ON THE NON-OIL PRODUCING DEVELOPING COUNTRIES, THE AD HOC GROUP NOTES THAT THE TWP HAS DISCUSSED THIS BRIEFLY IN DOCUMENT (A) ABOVE AND WILL BE STUDYING FURTHER THEIR BALANCE-OF-PAYMENTS PROBLEMS AND THE FINANCING OF THEIR DEFICITS. OTHER ASPECTS OF DEVELOPING COUNTRIES' PROBLEMS ARE BEING CONSIDERED IN THE APPROPRIATE HIGH LEVEL GROUP OF THE OECD.

7. THE AD HOC GROUP CONSIDERED THE ENERGY-RELATED FINANCIAL AND INVESTMENT ISSUES THAT MAY ARISE IN THE DIALOGUE, AND CONCLUDED THAT AT THIS TIME WORK IS UNDERWAY ON ALL RELEVANT ITEMS. IT REQUESTS THE GOVERNING BOARD TO REFER TO THE GROUP ALL ECONOMIC, FINANCIAL AND INVESTMENT ISSUES INVOLVED IN ANY UPDATING OF THE DOCUMENT IEA/GB(75)72, CONCERNING SUBSTANTIVE ISSUES FOR THE DIALOGUE.

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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
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**Review Event:**  
**Review Exemptions:** n/a  
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Margaret P. Grafeld  
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EO Systematic Review  
06 JUL 2006

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**Review Referrals:** n/a  
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**Status:** NATIVE  
**Subject:** NOVEMBER 14 MEETING OF IEA AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES (FII)  
**TAGS:** ENRG, EFIN, ECON  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006